

HB 80 – NEW SECTION. Section 1 [page 1, line 25] and
Sections 40 through 49 [beginning page 30, line 9]

EXHIBIT 2 BUA
DATE 1/21/09
HB 80

MOBILITY OVERVIEW

Practice mobility for CPAs is the ability of a licensee to gain a practice privilege outside of his or her home jurisdiction without obtaining an additional license in another state where he or she will be serving a client or an employer.

Because the electronic age makes conducting business across state borders an everyday occurrence, a *national effort* is underway to adopt a uniform system that will allow licensed CPAs the ability to provide services across state lines without being subject to unnecessary burdens that do not protect the public interest.

This uniform approach is endorsed by the American Institute of Certified Public Accountants (AICPA) and the National Association of State Boards of Accountancy (NASBA), the national organization of state boards of accountancy, through a provision in the AICPA/NASBA Uniform Accountancy Act (UAA) – Fifth Edition. The provision specifically allows for interstate practice by CPAs whose home jurisdiction or who individually meets the UAA licensure standard.

***This provision provides the right balance
of trust and public protection.***

Removing notification is being coupled with automatic jurisdiction. By removing boundaries to practice in the U.S., CPAs will be able to more readily serve individuals and businesses in need of their expertise. At the same time, the state board of accountancy's ability to discipline under the provision is enhanced and is based on the CPA and the CPA firm's performance of public accounting services, either physically, electronically or otherwise within a state, rather than restricting the board's authority to only those holding a state's license.

Prior to 2007, when this national effort was undertaken, four states had already eliminated notification and added automatic consent to enforcement (Ohio, Missouri, Virginia, and Wisconsin). In both Ohio and Virginia, states that have the longest history with this concept, there is no documented lapse in public protection.

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MOBILITY UPDATE

WORKING TOWARD A NATIONAL UNIFORM MOBILITY SYSTEM

End of Year Update

December 2008

The Momentum Continues

Here are the facts:

- **17 states pass UAA compliant mobility legislation in 2008**
- **3 states now have a provision that provides mobility practice privileges for those out-of-state CPAs and firms from a state that has passed mobility (quid pro quo)**
- **31 states have mobility at the end of 2008**
- **18 states have indicated plans to introduce legislation in 2009-2010**

The success of the mobility initiative of 2007 was captured and along with a strong collaborative effort between the State Societies, State Boards of Accountancy, NASBA, AICPA and TAC, significant legislative success was achieved in 2008.

Looking forward to 2009, the mobility initiative is at a critical juncture with a focus on the remaining jurisdictions. The continuing success of the mobility initiative and enacting a national uniform mobility system rests on the commitment that all states do this for one another. Mobility remains a priority issue because of the impact it has and will continue to have on CPAs ability to best serve their clients while enhancing protection of the state boards.

In our continuing commitment to provide assistance and guidance, we have updated resources and have posted a new video:

<http://www.aicpa.org/Legislative+Activities+and+state+licensing+Issues/Mobility+and+State+Licensing+Issues/>

No Formal Activity

Anticipated 2009 Activity

Mobility Enacted

Mobility Enacted Only for Other Mobility States

Commonwealth of the Northern Mariana Islands
Guam
Puerto Rico
Virgin Islands

Commonwealth of the
Northern Mariana Islands
Guam
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Anticipated 2009 Activity

Mobility Enacted
Mobility Enacted Only for Other
Mobility States

Mobility Legislation Frequently Asked Questions

What is mobility?

- Practice mobility for CPAs is the ability of a licensee to gain a practice privilege outside of their home state without getting an additional license in another state where they will be serving a client.

Why is mobility important to CPAs and businesses in Montana?

- Because the electronic age makes conducting business across state borders an everyday occurrence, there is a critical need for states to adopt a uniform mobility system that will allow licensed CPAs to provide services across state lines without unnecessary burdens that do not protect the public interest.

What is wrong with the current system?

- Currently, each state has its own rules, regulations and requirements to allow out-of-state CPAs to provide services in that state, resulting in a patchwork system that is inefficient and increasingly difficult to navigate.
- The American Institute of Certified Public Accountants (AICPA) and the National Association of State Boards of Accountancy (NASBA) have analyzed the current system for gaining practice privileges across state lines and have concluded it simply does not work.

Why is a uniform mobility provision important in your state and to other states across the country?

- Compliance and enforcement of the existing system is almost impossible, with multiple, cumbersome processes and disparities in requirements. Business realities, including an increase in interstate commerce and virtual technologies require a uniform system that allows fluid practice across state lines.
- Implementation of a uniform provision would allow consumers to receive timely services from the CPA best suited to the job, regardless of location, without the hindrances of unnecessary filings, forms and increased costs that do not protect the public interest.
- Businesses today are often located in multiple states and have compliance responsibilities in multiple jurisdictions and a uniform process will give CPAs the flexibility to better serve these clients.

What is the solution?

- Uniform adoption of the substantial equivalency provision included in the *Uniform Accountancy Act* (the model bill for CPA regulation written and endorsed jointly by AICPA and NASBA) will create a

system similar to the nation's driver license that will provide CPAs with mobility while retaining and strengthening state boards' ability to protect the public interest.

How will State Boards of Accountancy regulate CPAs operating in their state if mobility provisions are adopted?

- State Boards of Accountancy will gain automatic jurisdiction over all CPAs practicing in their state, enabling states to discipline out-of-state licenses, whether they are registered or licensed in the state.
- The substantial equivalency provision of the Uniform Accountancy Act was written jointly by NASBA and AICPA, and is strongly supported by both organizations as the best path to a uniform mobility system with enhanced public protection.

Are states taking action to implement mobility legislation?

- There has been activity on the mobility issues in nearly every state. To date, 46 states either have mobility enacted, legislative activity pending, or support by the state CPA society.
- Prior to 2007, four states had mobility laws in place for CPAs – Missouri, Ohio, Wisconsin and Virginia.
- There was significant activity in 2007 with seven states enacting mobility – Illinois, Indiana, Louisiana, Maine, Rhode Island, Tennessee and Texas, bringing the total number of states with CPA mobility in place to 11.
- There has been remarkable activity on the issue in 2008. Legislation has already been enacted this year in Idaho, New Mexico, Utah, and Washington. Bills have passed the legislature, and are awaiting gubernatorial action in Kentucky, Mississippi, and West Virginia.
- Legislation is currently pending in another 15 states – Alabama, Arizona, California, Colorado, Connecticut, Delaware, Hawaii, Iowa, Massachusetts, Maryland, Michigan, Minnesota, New Jersey, Oklahoma, and Pennsylvania.
- Additionally, legislation is expected to be filed this year in three more states (North Carolina and South Carolina).
- Seven states are moving towards mobility legislation in 2009 (Arkansas, Florida, Montana, North Dakota, Oregon, South Dakota, and Vermont).